

Classical American Homes Preservation Trust

and the

Richard Hampton Jenrette
Foundation



Annual Report | 2003





A Report to Friends, Donors and Preservationists

From Richard H. Jenrette

This is my fourth “excuse” for an Annual Report for Classical American Homes Preservation Trust, the foundation I established some years ago as the ultimate repository for the seven historic houses (and their antique collections) that have been my privilege to own for many years. I say “excuse” because my three previous Annual Reports for CAHPT admittedly have been “a poor excuse” for an annual report – nothing more than a few Xeroxed pages stapled together, a far cry from the fancy reports we used to publish at DLJ and Equitable. This report is at least a bit more colorful, and I hope it will encourage some financial support for CAHPT from friends and others interested in historic preservation. On the theory that “one picture is worth 10,000 words,” I am reproducing photographs of each of the old houses, taken from *Adventures With Old Houses* (if you don’t have a copy of this book and would like one, please let me know). This year I am also enclosing some financials on the Richard Hampton Jenrette Foundation, a small private foundation that over the years will either become part of or a major source of support for CAHPT.

I also use the word “excuse” this year because it’s sort of a *double entendre* (not for naught was I a Director of a French insurance company for ten years!). This double meaning comes from my always being late in issuing this report – it’s now June and I’m just writing it. But there’s also a reason or two for this tardiness – principally that by mailing in mid-year CAHPT’s



◀ *An explosion of wisteria comes to Millford, located in Pinewood, South Carolina around the first of April each year, just in time for my birthday on April 5. This year was my 75th – time to chart the future of these historic old houses.*

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► *Edgewater, built in 1823, is located on the Hudson River about 90 miles due north of New York City. I have owned it since 1969.*

▼ *Edgewater is filled with many of the original early 19th century furnishings of the Donaldson family, transplanted North Carolinians (like me) in New York. It seemed more than a coincidence that my firm also was named “Donaldson, Lufkin & Jenrette.”*



Annual Report is less likely to be lost in the shuffle of thousands of year-end corporate Annual Reports appearing each spring. I have had a second “excuse” for tardiness this year since I was laid low by a fever, followed by a small surgical procedure, which set me back three or four weeks in May. All is healed now, but events like this serve as a useful reminder of one’s own mortality (also I completed my 75th birthday in April). This has prompted me to be a bit more candid with friends and relations with regard to long-range plans for these properties and related assets.

While I may be prejudiced, all these sites seem to me to be worthy of preservation for future generations as part of our nation’s 200-year old heritage of classical architecture and art. The designs and motifs were borrowed from ancient Greek and Roman civilizations, which the founders of the young American Republic (especially Thomas Jefferson) sought to emulate. This also was a golden period of American furniture manufacture (early 19th Century) with the final flowering of hand-carved furniture before machines replaced skilled artisans. American furniture of this period was an interesting amalgam of English and French influences, with perhaps even some Germanic touches as well. CAHPT either owns or will inherit one of the largest private collections of these early American antiques, principally New York in origin.





Events of the Past Year (2003) and to Date in 2004

For the most part, the past year has been relatively uneventful for Classical American Homes Preservation Trust, a 501(c)(3) organization chartered under North Carolina Law. Toward the end of 2003, I completed a gift of all the remaining antique furnishings that I owned at 69 East 93rd Street to CAHPT. Earlier, I had given the house at 69 East 93rd Street – part of the George F. Baker family complex – to CAHPT. Basically I have attempted to space these gifts out as my personal income allows me to use the deduction. Lacking some of today's very large Wall Street bonuses (they weren't so big in my heyday!), I have to spread these gifts over a period of years or lose the deduction. Since ultimately all these houses, related real estate and antiques will go to CAHPT, I long ago concluded that I might as well begin the gifting process now, which provides some shelter against current taxes. I take just as much pride in these houses and antiques even though they are now owned by CAHPT.

In any event, CAHPT now owns two major properties – the circa 1814 house, grounds, and antiques collection at Ayr Mount in Hillsborough, North Carolina as well as the house and contents at 69 East 93rd Street in New York. Ayr Mount is open to the public daily for house tours and offers free hiking on nearly four miles of trails through the nearby woods bordering the Eno River. The house at 69 East 93rd Street (I live next door at 67 E. 93) serves as CAHPT's headquarters, as well as being open on specific requests by tour groups.



Interestingly, the current estimated value of Ayr Mount, with 265 acres bordering the red hot "Research Triangle" in North Carolina, must be at least three or four times the appraised value at the time I gifted the property to CAHPT ten years ago. Real estate and antique values have gone sky high, I'm sure I don't need to remind anyone. These properties really have been my best investments over the years, eclipsing my poor efforts in the stock market. Buy and hold has been the recipe for success, but I am keenly aware (as a child of the Depression) that these values can dissipate quickly. That's why I've been conservative investing CAHPT's and my own liquid assets.

▲ *The 18-foot ceiling height double parlors of Roper House are made for entertaining. Most of the suite of furniture is by Duncan Phyfe, circa 1815-1820. The chandeliers, once gas lit, were made for the house.*

► *The Roper House, built in 1838, overlooks Charleston's historic harbor including Fort Sumter, where the Civil War began. I bought this house for \$100,000 in 1968 – my first and probably best real estate purchase. It is opened frequently for tours.*







State of the Properties



◀ *Part of the George F. Baker Complex by architects Delano and Aldrich in New York. A side view of 69 East 93rd Street with its four pairs of Ionic columns – one of the few colonnades facing a New York City residence.*

▲ *Everyone's favorite room at 67 East 93rd Street seems to be the elegant oval dining room, which takes its glory from the beautiful hand-cut marble flooring installed by the Bakers in the late 1920s when the house was built.*

I am pleased to report that all of the properties are in A-plus condition. The houses gleam and the grounds are well manicured. This is largely a tribute to the vigilance and conscientiousness of my site managers. This veteran team includes Jack Smith, who has worked with me for 29 years at Edgewater and in the New York houses; Ernie Townsend, who has achieved fame in Charleston as the irreplaceable manager of Roper House for the past 25 years; Louie Hall at Millford Plantation, who has supervised that site for 22 years – half of this time with me since I acquired the property in 1992 and before that with the prior owners; Bill Crowther, who has faithfully and skillfully watched over Ayr Mount for 18 years; and David Crowther (Bill's younger brother), who has brought new life and vitality to Estate Cane Garden in St. Croix since he joined our team ten years ago.

Generally we were spared hurricanes or severe storms over the past year with one bad exception. Surprisingly at Millford Plantation, in the heart of South Carolina in late February of this year (2004), there was a freak ice storm, confined to a 20-mile radius which regrettably included Millford. Huge limbs of big live oak trees coated with ice and weighted down further by Spanish moss turned into ice, snapped and broke all over the grounds throughout the following day. It was a horrible mess, not unlike the after-effects of a hurricane, and took several

months just to clean up. Hopefully warm summer rains will heal the wounds left by the storm and restore the lushness of this site.

Aside from occasional storms, the cost of grounds maintenance has become a major expense item for CAHPT and for me – with more than 1,200 acres of lawns, forests and water-sheds surrounding the sites. Fortunately most of this land is kept in a naturalistic low maintenance mode. But there's always some new tree plague or pest infiltration to worry about. For example, for the past three years we've had unexpected expenditures to inoculate the many giant locust trees around Edgewater, on the Hudson River. I've owned this house for 35 years and have never had any similar tree disease. I am discovering that grounds maintenance is more expensive than house maintenance.

► *The austere brick façade of Ayr Mount, William Kirkland's circa 1814 plantation near Hillsborough, North Carolina. The exterior belies the high ceilings and elegant Georgian woodwork in the interior.*



▲ *A portrait of Thomas Jefferson surveys the all white west parlor of Ayr Mount. Many of the antiques are original to the Kirklands, who owned Ayr Mount for 170 years.*







Tours of the Properties

Kathy Healy, an ex-DLJer who serves part time as Registrar for all the antiques and art objects, also keeps track of tour requests by museums, garden clubs, and other preservation related groups. Last year there were 52 tours of the six sites (we turned down many other requests because of conflicts) in addition to Ayr Mount being open for tours on a regularly scheduled basis. An estimated 6,000 people joined these house tours last year, not counting 4,000 more who used the hiking trails surrounding Ayr Mount at no charge.

Since 1985, when we began keeping records, there have been a total of 2,768 tours/special events with 96,418 visitors to my properties. Hopefully some of these folks were inspired to return home and save an old house, start collecting antiques, or improve their gardens. Certainly the many thank you notes that have poured in over the years make it all seem worthwhile.

For a variety of reasons, most of these tours were “for free,” even though they consume considerable time and energy for the site managers. Going forward, we are planning to make more of an effort to impose modest charges for visitation, with all of the proceeds going to CAHPT. Incidentally, these house tours have proved a great outlet for distributing my book *Adventures With Old Houses*. Ernie Townsend in Charleston is the champion salesman, having personally sold more than 1,000 copies of this book to unsuspecting visitors. The local joke in Charleston



is that there is no charge to get in to the Roper House but you have to buy a book from Ernie to get out. He's also sold several hundred copies of my old (1997) management book *The Contrarian Manager*. All proceeds of these sales are given to CAHPT.

Cane Garden, left and above, was built on a high hill overlooking the Caribbean in St. Croix (now, U.S. Virgin Islands) in the late 18th Century. Enlarged in the 1820s in the fashionable Grecian style, Cane Garden today has more than a mile of beach front and 260 acres once planted in fields of sugar cane.



Personnel



▲ *Millford, almost miraculously, is filled with most of its original furnishings, including furniture commissioned by the Mannings from Duncan Phyfe & Son 1840-42, as well as family portraits and sculpture.*

► *Millford Plantation was built in 1840-42, by John Laurence Manning, later a Governor of South Carolina, and his wife Susan Frances Hampton, daughter of Wade Hampton, reputedly the South's richest planter. Millford is the old South's finest surviving example of Greek Revival architecture.*

CAHPT's "key players" are largely unchanged, although Julie Nalven, CPA, has joined us within the past year and has greatly improved the quality of CAHPT's financial and tax accounting. Maria Fitzsimmons, as Secretary and Treasurer, continues to pay all bills and handle most inquiries and correspondence as she has done for me for the past 25 years. Jack Smith, in addition to watching over Edgewater and the two New York houses, also provides an oversight role on my behalf for all the houses and site managers. Jack could be described as my "Chief Operating Officer" but he eschews all such titles as unnecessary. Margize Howell, formerly DLJ's Arts Curator, has the same job for CAHPT. She and Kathy Healy (working part time as Registrar) have updated descriptions and provenance of all the art and antiques and recorded them on an improved computer system. Margize, incidentally, does some "moonlighting" as an interior decorator specializing in re-creating the "DLJ look." She has decorated the offices of four start-up financial companies headed by ex-DLJers. Their offices look great!

Speaking of ex-DLJers, I am also pleased to report that Craig R. Callen has been elected and has agreed to serve as a Director of Classical American Homes Preservation Trust. Craig, now a Senior Vice President of Aetna Insurance, had been a valued member of DLJ's investment banking group for 20 years following his graduation from Harvard Business School in 1984. He and his wife Gloria have been keenly interested in the restoration of old houses.





Finances

A quick look at CAHPT's Income Statement (opposite page) may look alarming – a loss of \$251,878 last year. Not to worry – as a long time Wall Street “Chartered Financial Analyst,” I know all about “pro forma adjustments” that can make reported earnings look better. In this case, if you add back the \$163,933 non-cash depreciation charge (after all, the old houses and antiques tend to become more valuable with age), you get quite a different picture. And if you “mark the portfolio to market,” you find *unrealized* capital appreciation last year of \$368,121. With these “pro forma adjustments,” CAHPT's value actually increased by \$280,176 last year.

CAHPT's Balance Sheet (opposite page) shows total assets of approximately \$16 million with no debt and looks strong at first glance. The real estate and antiques portion (\$11.2 million) also appears to be substantially under-valued, as noted previously. Unfortunately, the liquid/marketable assets of CAHPT at year-end were only \$4.7 million, manifestly not adequate for the long-term maintenance of all these houses. Together with the Richard H. Jenrette Foundation, total liquid assets at the end of 2003 were \$5.5 million. Under my estate plan and will, substantial additional liquid assets, as well as the five remaining houses and antiques, are left to CAHPT. At that point CAHPT should end up with \$25-30 million in liquid assets after

my estate is settled. Friends and relations and other institutions please note: not *everything* goes to CAHPT. This is the major not-for-profit cause I hope to perpetuate.

Alas, with steady cost inflation (despite Alan Greenspan's belief there is no inflation), it now takes an average of \$300,000 a year just to staff, maintain, insure, pay taxes, etc. on each of these properties. With six sites, I find I'm shelling out nearly \$2 million a year to staff and maintain the six sites (counting the two George F. Baker houses as one). A \$30 million endowment, which is achievable from the resources I plan to leave CAHPT, invested at 6% would yield \$1.8 million annually, barely enough to maintain the sites in A-plus condition and open to the public. Removing some of these properties from the tax rolls once they become house museums and charging admission will help, but still be far from breakeven. The one site that should be self-sustaining financially is the Roper House in Charleston, because of its location and exposure to heavy tourist traffic.

To make a long story short, I probably need to be more aggressive in seeking outside funds from friends and other interested parties, including the few foundations that support historic preservation causes. At this stage of my life, I'm not much disposed to mounting a major fund-raising campaign that would involve leaning heavily on old friends. But if any of you who read this wish to *volunteer* to help (a “coalition of the

willing?”), I assure you the funds will be wisely spent in protecting a legacy of classic American architecture and one of the largest collections of American antiques from the Federal and American Empire periods of 1800 to 1850. In many respects the collection of six houses filled with some of the best American antiques of the period bears some similarity to Winterthur, the superb museum of early American art and antiques assembled by Henry F. duPont in his life. Before you remind me “you're no Harry duPont” let me say I know that – but I can try can't I? Anyhow, your help in preserving this collection of Americana and opening it to the public will be very much appreciated.

Many of you who receive this report have visited some or all of these sites and houses. A few friends have hit them all! It's always a treat to share them with friends. Hopefully, the photographs in this report will remind you of happy memories and inspire a charitable impulse! Thanks.

Sincerely,

Richard H. Jenrette



Classical American Homes Preservation Trust

Balance Sheet *(for the 12-Month Period Ending December 31)*

Assets	2003	2002
Current Assets		
Cash	\$ 60,249	\$ 19,824
Marketable Securities at FMV	4,658,489	4,557,254
Total Current Assets	4,718,738	4,577,078
Property and Equipment		
Real Estate, (Cost, Net of Depreciation)	8,373,112	8,515,394
Antiques & Furnishings, At Cost	2,803,294	2,660,348
Office & Related Equipment (Cost, Net of Depreciation)	42,838	36,489
Total Property & Equipment	11,219,244	11,212,231
Total Assets	\$ 15,937,982	\$ 15,789,309
Liabilities and Equity		
Liabilities		
Employee Withholding	23,778	21,348
Total Liabilities	23,778	21,348
Equity		
Equity - Opening Balance	15,797,961	15,741,509
Changes in Unrealized Appr./ (Depr.) of Marketable Securities	368,121	(114,658)
Net Income (Loss)	(251,878)	141,110
Total Equity	15,914,204	15,767,961
Total Liabilities and Equity	\$ 15,937,982	\$ 15,789,309

Income Statement *(for the 12-Month Period Ending December 31)*

Income	2003	2002
Tours	\$ 24,100	\$ 11,324
Contributions - Cash & Marketable Securities	227,685	143,224
Other Contributions (Non Cash)	134,300	391,250
Dividends & Interest	155,478	152,894
Realized Gains / (Losses)	(102,362)	(26,004)
Gross Income	\$ 439,201	\$ 672,688
Expenses		
Operating Expenses	446,098	320,221
Charitable Distributions	33,500	30,350
Professional Services (Investment, Legal, Accounting, etc.)	31,715	8,000
Taxes (Federal Excise & Foreign Tax W/H)	9,813	7,500
Miscellaneous Expenses	6,020	6,552
Total Expenses	\$ 527,146	\$ 372,623
Net Income (Loss) Before Depreciation	\$ (87,945)	\$ 300,065
Depreciation Expenses - Non Cash	163,933	158,955
Net Income (Loss)	\$ (251,878)	\$ 141,110

Pro-forma Adjustment *(for the 12-Month Period Ending December 31)*

Reported Net Loss	\$ (251,878)
Add Back: Depreciation Expenses - Non Cash	163,933
Unrealized Appreciation of Marketable Securities - 2003	368,121
Adjusted Net Income	\$ 280,176



Classical American Homes Preservation Trust

Directors

Scott Bessent
Michael A. Boyd
Craig R. Callen
Richard L. Chilton
Charles H.P. Duell
Dr. J. M. Jenrette III
Richard H. Jenrette
Jeff Nuechterlein
John W. Smith
Abigail Spangler
William L. Thompson

Management

Richard H. Jenrette
President
Dr. J. M. Jenrette III
Vice President
John W. Smith
Operations Manager
Maria Fitzsimmons
Secretary and Treasurer
Julie Nalven
Controller
Margize Howell
Curator
Kathleen Healy-Gillen
Registrar

► Thomas Jefferson wrote “All my wishes end, where I hope my days will end, at Monticello.” I feel much the same way about Edgewater, especially on a lazy summer afternoon sitting on the front porch with a view west across the mighty Hudson.

Richard Hampton Jenrette Foundation Balance Sheet *(for the 12-Month Period Ending December 31)*

Assets	2003	2002
Current Assets		
Cash	\$ 1,069	\$ 15,969
Marketable Securities at FMV	739,684	669,404
Total Current Assets	740,753	685,373
Total Assets	\$ 740,753	\$ 685,373
Liabilities and Equity		
Liabilities	\$ —	\$ —
Equity		
Equity - Opening Balance	685,373	548,011
Changes in Unrealized Appr./Depr. of Marketable Securities	85,209	(17,337)
Net Income	(29,829)	154,699
Total Equity	740,753	685,373
Total Liabilities and Equity	\$ 740,753	\$ 685,373

Principal Photography by John M. Hall
Michael Mundy page 3, Paul Rocheleau pages 15 and 19





*Above:
Staircase at Baker House, 67 East 93rd Street*

*Front Cover:
Millford Plantation, Pinewood, S.C.*

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